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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	X
SEARS HOLDINGS CORPORATION, et al., ¹	:	Chapter 11
	:	Case No. 18-23538 (RDD)
Debtors.	:	(Jointly Administered)
	:	X

NOTICE OF RECLAMATION CLAIM

PLEASE TAKE NOTICE that ZG Apparel Group LLC ("ZG"), by and through undersigned counsel, files this Notice of Reclamation Claim pursuant to 11 U.S.C. § 546(c), Section 2-702 of the Uniform Commercial Code and other applicable non-bankruptcy law, on the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innoval Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

above-captioned debtors and debtors-in-possession (collectively “the Debtors”), to reclaim certain assets (the “Goods”) that are subject to reclamation.

ZG sold the Goods to the Debtors in the ordinary course of business which were received by the Debtors in the forty-five (45) days prior to the filing of the Debtors’ bankruptcy petition on October 15, 2018 (the “Petition Date”). Upon information and the belief of ZG, the Debtors were insolvent at the time they received delivery of the Goods. On October 26, 2018, ZG served on the Debtors and Debtors’ counsel of record in these cases pursuant to 11 U.S.C. § 546(c) a written demand for reclamation including relevant invoices and related information for the Goods shipped from ZG to the Debtors during the forty-five (45) day period prior to the Petition Date (the “Reclamation Demand”), a copy of which is annexed hereto as **Exhibit A** and incorporated herein by reference.

PLEASE TAKE FURTHER NOTICE that ZG reserves all of its rights with respect to the Goods, including, without limitation, (i) its right to be paid in the ordinary course of business as a post-petition creditor of the Debtors to the extent the Goods were delivered to the Debtors on or after October 15, 2018; (ii) its right to assert a 20-day administrative priority claim pursuant to 11 U.S.C. §503(b)(9); (iii) its right to assert a “new value” defense to any preference demand pursuant to 11 U.S.C. §547(c)(4); (iv) its right to demand payment of any portion of this invoice as a “cure” payment in connection with the Debtors’ assumption of any executory contract, if any, pursuant to 11 U.S.C. § 365; (v) its right to seek payment of its prepetition invoices from any non-debtor parties that are co-obligors; (vi) its right to file additional demands or claims, including without limitation, a proof of claim; and/or (vii) its right to assert any other rights under applicable law. By filing this Notice, ZG does not consent to entry of final orders of

the bankruptcy court on non-core issue and claims, and does not waive any jurisdictional defenses and reserves its rights to amend this Notice.

Dated: October 30, 2018
East Meadow, New York

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